

How to Apply a Business Model to Local Government ?

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Background

Resource Management Agency (RMA)

Three Branches

Focus on the Planning Branch

- **Reorganization I: Establishment Phase (R-1)**
- **Reorganization II: Consolidation Phase (R-2)**
- **Reorganization III: Integration Phase (R-3)**

What is a “Business Model?”

Private Sector Definition

A “Business Model” is a conceptual tool that contains a set of elements and relationships that express the business logic of a firm. It is a description of (1) the value a firm offers to its customers; (2) the firm’s architecture and its network; and (3) the method of creating, marketing and delivering value to generate profitable and sustainable revenue streams.

(Business Model Design and Innovation: What is a Business Model?
<http://business-model-design.blogspot.com/2005/11/what-is-business-model.html>.)

What is a “Business Model?”

Public Sector Definition

A “Business Model” is one that defines and markets its Mission as being “Open for Business”

- (1) By Strategically (Proactively) Managing for Public Results with a Customer-Service Focus;
- (2) By Expeditiously and Effectively Delivering These Results within a Collaborative, Cross-Functional, Team-Based, and Continuously Improving Organization; and
- (3) By Measuring Performance with Accountability (i.e., Without Excuses) by Retaining, Creating, Increasing, and Capturing Public Value.

What is the “Public Organizational Context” of a Business Model ?

Strategic Management System - Defined

A Strategic Management System -- applied to a Public Sector Organization -- is based on a “Business Model” designed to be implemented through the “Project Management Method”, and built to last for the purpose of achieving “Performance” which retains, creates, increases, and captures “Public Value.”

What are the “Driving Factors” of the Strategic Management System ?

- 1. Government Reinvention Factor**
- 2. Decision - Making Factor**
- 3. Organizational Development Factor**

Government Reinvention

Driving Factor

- ❑ **Proactive Setting of Mission and Strategic Goals**
 - ❖ **Mission: “Open for Business”**
 - **Goal: Promote Economic Well-Being**
 - **Goal: Improve Quality of Life**
 - **Goal: Provide Public Safety and Security**
 - **Goal: Enhance Organizational Performance**
- ❑ **Plan, Implement, Perform, Measure, Evaluate, and Adjust**
- ❑ **Customer Service: Market and Deliver Services Effectively**
- ❑ **Use Information Technology: Storage, Retrieval and Reuse**
- ❑ **Expand Value Opportunities through Lean Organization**
- ❑ ***“Look Beyond Bureaucracy” or “Think Outside the Box”***

Decision-Making Driving Factor

- ❖ **Problem Solving Method (Issue Identification, Research, Rules or Principles, Alternatives (Options), Vetting, and Recommendation) (Risk Analysis)**
- ❖ **Quantitative (Economic, Fiscal, Marketing, Engineering)**
- ❖ **Contingency Plan (Back-Up Plan or Two Minute Drill)**
- ❖ **Multiple Lens Approach: Multi-Level Feasibility Test (Core Competence, Legal, Fiscal, Administrative, and Political Feasibility Lens)**
- ❖ **Common Sense, Gut Check and Qualitative Judgment**

Organizational Development Driving Factor

- ❖ **Identify the Organization's Culture**
- ❖ **Receptiveness to Change: Three Group Analysis**
- ❖ **Build Action Teams via Organizational Values**
(Collaboration, Collegiality, Mutual Respect, and Empowerment) **within a Total Quality Circle**
- ❖ **Train, Coach, Mentor, and Realign, if necessary**
- ❖ **Emphasize Trust and Integrity**

What is the “Key Implementation Technique” of a Strategic Management System ?

Project Management Method

- **Backward Mapping: Goals Considered First**
- **“IPPEC” Approach** (Time, Scope and Budget addressed through Initiation, Planning, Executing, Controlling, and Closing) (Front Line Org Value Testing)
- **Periodic Monitoring and Reporting** (Project Life)
- **Project Completion:** (On Time; Within Scope and Budget)
- **Project Evaluation: Measuring Performance (Results) and Making Key Improvements (Lessons Learned)**

How Do you Measure Performance within a Business Model ?

Public Value

□ *Tulare County's Strategic Expression of Public Value*

- ✓ **Promote Economic Well-Being**
- ✓ **Improve Quality of Life**
- ✓ **Provide Public Safety and Security**
- ✓ **Enhance Organizational Performance**

□ *Examples of Delivering Public Value*

- [1] **Facilitate Economic Development by Preparing the Conditions in which the Private Sector can Create Jobs, Income and Equity;**
- [2] **Help Build Roads, Transit, Water-Related (Water, Wastewater and Stormwater), and Public Safety Facilities (Sheriff and Fire);**
- [3] **Approve More Projects (Volume) Faster (Speed) such as Planning Zoning, Development, and Building Projects**

How Do You “Continuously Improve” the System and Model ?

Monitoring, Evaluation and Adjustment

- ❑ Differentiate Output from Outcomes
- ❑ Check Goal and Performance Alignment
- ❑ Identify Problem, Adjust and Reduce Error
- ❑ Vetting, Discussing and Reaching Consensus

What were the Business Model's Performance Measures ?

1 - Community Plan Updates (By-Right Uses)

2 - Planning Approvals

3 - Building Permit Issuance

4 - Building Permit Valuation



Goal: Retain, Create, Increase, Capture Public Value

Table of Business Model Performance Measurement (Metrics)

Performance Metrics	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	Percent Change
Planning Approvals	252	266	313	334	+33%
Building Permits	2726	2932	3266	3116	+14%
Building Valuation	\$110 M	\$124 M	\$135 M	\$142 M	+29%
Community Plan Update Initiations				5 + 4 = 9	

Business Process Improvements

- ❑ **Pre-Application Project Review (Quality Circle)**
 - ❑ **Community Plan Updating (By-Right Uses)**
 - ❑ **Streamlining CEQA Process (Cat Exempt / EIR)**
 - ❑ **Concurrent Entitlement Processing**
 - ❑ **Team-Based Building Permit Issuance**
 - ❑ **Construct Public / Private Sector Improvements**
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Alignment with Mission and Strategic Goals

Mission: “Open For Business”

Goal: Economic Well-Being - Create Jobs, Income & Equity

Goal: Improve Quality of Life - DAC Infrastructure & Housing

Leadership Considerations for System and Model

- ✓ **Coach Lombardi's Method: "Commitment to Excellence"**
- ✓ **Walking Around Leadership (Show-up / Walk-the-Walk)**
- ✓ **Collaboration, Vetting, Marketing, and Empowerment**
- ✓ **Positive Centered Leadership**
- ✓ **Accountability: Admitting Fault Early Without Excuses**
- ✓ **Challenges: Proactive Corrective Action Plan**
- ✓ **Responsiveness to BOS, CAO and Public**
- ✓ **Strengthen Org Values and Core Competencies**
- ✓ **Build Cross-Functional and Reliable Teams**
- ✓ **Be a Multiplier Not a Diminisher**
- ✓ **Exercise Good and Mature Judgment**
- ✓ **When in Doubt, a Leader Does the Right Thing**

Next Steps On the Horizon

- 1 - Build Public Roads and Infrastructure**
- 2 - Enhance Public Outreach and Service**
- 3 - Market and Expand Economic Development**
- 4 - Improve Disadvantaged Communities**
- 5 - Strengthen Strategic Management through**
 - **System-wide Application**
 - **Best Management Practices**
 - **Succession Planning**

Final Thought

“The Score Takes Care Of Itself”

Coach Bill Walsh

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